



CARBON COUNTY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

To the County Commissioners
Carbon County, Wyoming
Rawlins, Wyoming

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carbon County, Wyoming, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carbon County, Wyoming's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Carbon County, Wyoming, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 34 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

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We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Madee Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 21, 2011

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

As management of the Carbon County, we offer readers of the Carbon County financial statements this narrative overview and analysis of the financial activities of the Carbon County for the fiscal year ended June 30, 2011.

Financial Highlights

- \$ The assets of Carbon County exceeded its liabilities at the close of the most recent fiscal year by \$65,982,969 (*net assets*). Of this amount, \$15,152,893 (*undesignated net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- \$ At the end of the current fiscal year, the Carbon County general fund reported \$4,759,064 *available for spending* at the government's discretion (*unreserved fund balance*) and \$7,154,312 reserved for future funding requirements.
- \$ Last fiscal year (FY 2009-2010) the County received \$13,752,847 in property taxes. For the fiscal year ending of June 30, 2011 the County received \$10,731,006 in property taxes noting a decrease of \$3,021,841. Overall, total revenues declined \$2,754,105.
- \$ The county's valuation for the fiscal year ending June 30, 2011 reduced to \$764,194,959 from an all-time high for the fiscal year ending June 30, 2010 of \$1,223,230,319, a decrease of \$459,035,360. The decrease is mainly due to the decrease in production tax of the mineral industry.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Carbon County's basic financial statements comprise of three components: 1) government-wide financial statement, 2) fund financial statements, and 3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Carbon County finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Carbon County assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreased in net assets may serve as a useful indicator of whether the financial position of the Carbon County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

Both of the government-wide financial statements distinguished functions of the County that are principally supported by taxes and grants. The government activities of the County include general government, public safety, highways and streets (county roads), health and welfare, and culture and recreation.

The government-wide financial statement can be found of pages 9 through 10 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Government Funds. Governmental funds are use to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term *inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund. Data from other non major funds are combined into a single, aggregated presentation.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found of pages 11 through 14 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Carbon County own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found of pages 15 and 16 of this report.

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2011

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 33 of this report.

Other information. Due to the County's implementation of Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, comparative analysis of government-wide data for the preceding fiscal year and fiscal year is included in this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, net assets reflect its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Carbon County's Net Assets

	Governmental Activities		Fiduciary-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other assets	\$ 14,893,824	\$ 16,628,451	\$ 7,556,787	\$ 7,349,742	\$ 22,450,611	\$ 23,978,193
Capital assets	56,107,196	56,315,003	-	-	56,107,196	56,315,003
Total assets	71,001,020	72,943,454	7,556,787	7,349,742	78,557,807	80,293,196
Long-term liabilities outstanding	3,333,242	2,210,623	-	-	3,333,242	2,210,623
Other liabilities	1,684,809	3,778,354	6,818,479	6,961,972	8,503,288	10,740,326
Total liabilities	5,018,051	5,988,977	6,818,479	6,961,972	11,836,530	12,950,949
Net assets:						
Invested in capital assets, net of related debt	51,998,656	50,280,611	-	-	51,998,656	50,280,611
Prior period adjustment	831,420	1,470,688	-	-	831,420	-
Restricted	-	-	738,308	387,752	738,308	387,752
Unrestricted	13,152,893	15,203,178	-	-	13,152,893	15,203,178
Total net assets	\$ 65,982,969	\$ 66,954,477	\$ 738,308	\$ 387,752	\$ 66,721,277	\$ 67,342,229

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$66,721,277 at the close of the most recent fiscal year. By far the largest portion of the County's net assets reflects its net investment of \$56,107,196 in capital assets (for example, land, buildings, infrastructure, machinery and equipment), net of related debt used to acquire those assets and that is still

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County investment in its capital assets is reported net of related debt it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net assets in all County funds of \$13,152,893 may be used to meet the government's ongoing obligations to citizens and creditors. Specific expenditure restrictions apply to specific revenue funds and to much of the capital project funds.

At June 30, 2011, the County is able to report positive balances in both categories of net assets for the government as a whole and fiduciary.

Carbon County Changes in Net Income

	Governmental Activities		Fiduciary-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues						
Charges for Services	\$ 3,313,037	\$ 1,279,657	\$ -	\$ -	\$ 3,313,037	\$ 1,279,657
Operating grants and contributions	3,400,343	3,039,537	213,724	99,605	3,614,067	3,139,142
General Revenues:						
Property Taxes	10,731,006	13,752,847	-	-	10,731,006	13,752,847
Sales Taxes	1,990,545	2,087,735				
Other Taxes	917,868	2,898,017	-	-	917,868	2,898,017
Payment in Lieu of taxes	1,137,320	986,504	-	-	1,137,320	986,504
Other Revenues	423,298	737,344	-	-	423,298	737,344
Total revenues	21,913,417	24,781,641	213,724	99,605	22,127,141	24,881,246

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

Expenses:						
General government	8,895,268	11,641,959	-	-	8,895,268	11,641,959
Public Safety	4,444,918	4,244,817	-	-	4,444,918	4,244,817
Public Works	3,745,350	2,755,391	-	-	3,745,350	2,755,391
Health, welfare and recreation	1,124,580	1,690,895	-	-	1,124,580	1,690,895
Non-departmental	4,452,166	4,287,167			4,452,166	4,287,167
Interest on long term debt	222,643	122,647	-	-	222,643	122,647
Admin fees	-	-	2,187	1,671	2,187	1,671
Participant withdrawl	-	-	33,394	13,397	33,394	13,397
Total expenses	22,884,925	24,742,876	35,581	15,068	22,920,506	24,757,944
Total general revenues:	21,913,417	24,781,642	213,724	99,605	22,127,141	24,881,247
Changes in net assets	(971,508)	38,766	178,143	84,537	(793,365)	123,303
Net assets - beginning (restated)	66,954,477	66,915,711	560,165	475,628	67,514,642	67,391,339
Net assets - ending	\$ 65,982,969	\$ 66,954,477	\$ 738,308	\$ 560,165	\$ 66,721,277	\$ 67,514,642

Analysis of Changes in Net Assets

The County's net assets decreased \$793,365 (FY 2009-2010 amount was \$67,514,642 as compared to our current year-end amount of \$66,721,277) during the current fiscal year.

Budgetary Highlights

The significant highlight of the fiscal year 2010-2011 was the large decrease in assessed valuation explained above which obviously resulted in a decrease in property tax collections.

Capital Assets and Debt Administration

Capital asset and debt administration are discussed in Notes to Financial Statements 4 and 5 to the financial statement in detail. A summary follows:

Capital Assets	Governmental Activities
Land & construction in progress	\$ 2,099,347
Capital assets being depreciated	103,182,222
Accumulated depreciation	(49,174,373)
Net capital assets	<u>\$ 56,107,196</u>
Long term debt	<u>\$ 3,333,242</u>

Carbon County, Wyoming
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011

Economic Factors and Next Year's Budget

The County's valuation decreased in FY 2010-2011 from the previous all-time high due to the decrease in the price of production of the mineral industry as predicted by the Revenue Estimating Manual produced by the Wyoming County Commissioners Association. In addition to this, a loss in sales and use tax revenue was also realized. While preparing the FY 2011-2012 budget, a prediction of stabilization of sales and use tax revenue will be anticipated.

Requests for Information

The financial report is designed to provide a general overview of the Carbon County finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Carbon County, Office of the County Clerk, P.O. Box 6, Rawlins, WY 82301 or Carbon County, Office of the Treasurer, P.O. Box 7, Rawlins, WY 82301.

CARBON COUNTY, WYOMING

STATEMENT OF NET ASSETS

June 30, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 5,104,690
Investments	9,248,234
Receivables:	
Taxes	91,341
Accounts	67,706
Other	25,314
Due from other governments	110,839
Prepaid expenses	61,579
Inventories	184,121

NONCURRENT ASSETS

Land	2,099,347
Infrastructure	48,517,556
Buildings and improvements	39,347,489
Equipment	15,317,177
Less: accumulated depreciation	<u>(49,174,373)</u>
Net capital assets	<u>56,107,196</u>
Total Assets	<u>\$ 71,001,020</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 551,629
Accrued compensated absences	332,479
Accrued interest payable	25,403

NONCURRENT LIABILITIES

Due within one year	775,298
Due in more than one year	<u>3,333,242</u>
Total Liabilities	<u>5,018,051</u>

NET ASSETS

Invested in capital assets, net of related debt	51,998,656
Restricted	831,420
Unrestricted	<u>13,152,893</u>
Total Net Assets	<u>\$ 65,982,969</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
Functions/Programs				
Governmental activities				
General government	\$ 8,895,268	\$ 1,728,252	\$ 502,729	\$ (6,664,287)
Public safety	4,444,918	1,494,736	867,417	(2,082,765)
Highways and streets	3,745,350	880	938,855	(2,805,615)
Health and welfare	1,124,580	89,169	345,843	(689,568)
Culture and recreation	1,688,515	-	745,499	(943,016)
Capital outlay	243,007	-	-	(243,007)
Interest	222,643	-	-	(222,643)
Depreciation - unallocated	2,520,644	-	-	(2,520,644)
Total governmental activities	22,884,925	3,313,037	3,400,343	(16,171,545)
General Revenues				
Property taxes				10,731,006
Sales taxes				1,990,545
Other taxes				917,868
Interest and investment revenue				131,852
Other				291,446
Payment in lieu of taxes				1,137,320
Total general revenues				15,200,037
Change in net assets				(971,508)
Net assets - beginning of year				66,954,477
Net assets - end of year				\$ 65,982,969

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2011

	General Fund	Nonmajor - Special Revenue Funds	Total Governmental Funds
ASSETS			
Cash and temporary investments	\$ 3,346,744	\$ 1,757,946	\$ 5,104,690
Investments	8,986,246	261,988	9,248,234
Receivables:			
Accounts receivable	-	60,838	60,838
Taxes	7,453	8,165	15,618
Interest	25,314	-	25,314
Due from other governments	110,839	-	110,839
Prepaid expenses	61,579	-	61,579
Inventory	-	184,121	184,121
Total Assets	<u>\$ 12,538,175</u>	<u>\$ 2,273,058</u>	<u>\$ 14,811,233</u>
LIABILITIES			
Accounts payable	\$ 505,881	\$ 45,748	\$ 551,629
Accrued compensated absences	118,888	10,997	129,885
Total Liabilities	<u>624,769</u>	<u>56,745</u>	<u>681,514</u>
FUND BALANCES			
Fund balances			
Nonspendable	980,483	253,124	980,483
Restricted for road projects	831,420	-	831,420
Committed for detention center operating	857,623	-	857,623
Committed for special projects	497,104	-	497,104
Committed for museum	725,764	-	725,764
Committed for fair	56,102	-	56,102
Committed for health	150,077	-	150,077
Committed for E911 surcharge	426,756	-	426,756
Committed for forest	36,407	-	36,407
Committed for hospital	447,576	-	447,576
Assigned for cash reserve	2,145,000	1,963,189	4,108,189
Unassigned - undesignated	4,759,094	-	4,759,094
Total Fund Balances	<u>11,913,406</u>	<u>2,216,313</u>	<u>13,876,595</u>
Total Liabilities and Fund Balances	<u>\$ 12,538,175</u>	<u>\$ 2,273,058</u>	<u>\$ 14,558,109</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

June 30, 2011

Total fund balances - governmental funds \$ 13,876,595

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of capital assets	105,281,569	
Less accumulated depreciation	<u>(49,174,373)</u>	56,107,196

Long-term liabilities are not due and payable on the current period and therefore are not reported in the governmental funds.

Governmental leases payable	(4,108,540)	
Compensated absences	(202,594)	
Accrued interest on long-term debt	<u>(25,403)</u>	(4,336,537)

Long-term receivables applicable to governmental activities and not due and collectible in the current period and therefore are not reported in fund balance in the governmental funds.

Taxes and other receivables		<u>335,715</u>
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Total net assets - statement of net assets (governmental activities) \$ 65,982,969

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2011

	Governmental Funds		Total Governmental Funds
	General Fund	Nonmajor - Special Revenue Funds	
REVENUES			
Taxes	\$ 11,809,655	\$ 1,580,688	\$ 13,390,343
Licenses and permits	465,315	-	465,315
Intergovernmental	6,529,254	10,380	6,539,634
Program revenue	-	614,213	614,213
Interest	111,090	20,762	131,852
Miscellaneous	341,942	20,272	362,214
Total revenue	<u>19,257,256</u>	<u>2,246,315</u>	<u>21,503,571</u>
EXPENDITURES			
Current:			
General government	10,060,820	-	10,060,820
Public safety	4,366,449	-	4,366,449
Highways and streets	3,139,984	1,079,492	4,219,476
Health and welfare	1,380,723	-	1,380,723
Culture and recreation	224,722	1,563,645	1,788,367
Capital outlay	1,772,847	102,262	1,875,109
Debt service:			
Principal retirement	910,164	-	910,164
Interest	222,643	-	222,643
Total expenditures	<u>22,078,352</u>	<u>2,745,399</u>	<u>24,823,751</u>
Excess of expenditures over revenues	<u>(2,821,096)</u>	<u>(499,084)</u>	<u>(3,320,180)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease obligations	<u>1,960,000</u>	-	<u>1,960,000</u>
Total other financing sources	<u>1,960,000</u>	-	<u>1,960,000</u>
Net change in fund balance	(861,096)	(499,084)	(1,360,180)
Fund balance, beginning	<u>12,774,502</u>	<u>2,715,397</u>	<u>15,489,899</u>
Fund balance, ending	<u>\$ 11,913,406</u>	<u>\$ 2,216,313</u>	<u>\$ 14,129,719</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

June 30, 2011

Total net change in fund balances - governmental funds \$ (1,360,180)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	3,593,967	
Current year depreciation	<u>(2,520,644)</u>	1,073,323

Capital lease proceeds provide current resources to governmental funds, but issuing debt increases long-term debt liabilities in the statement of net assets. Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceed repayments. The construction period interest expense for construction projects in progress is an expenditure in the governmental funds but the interest is capitalized as construction in progress in the statement of net assets.

Capital lease proceeds	(1,960,000)	
Capital lease principal payments	<u>910,164</u>	(1,049,836)

Some expenses reported in the statement of activities do not require current financial resources and therefore are not reported as expenditures in governmental funds.

Change in long-term compensated absences	<u>213,591</u>	213,591
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Some revenue reported in the statement of activities do not provide current financial resources and therefore are not reported as revenue in governmental funds.

Change in property taxes receivable		<u>151,594</u>
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Change in net assets on statement of activities (governmental activities) \$ (971,508)

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2011

	<u>Deferred Compensation</u>	<u>Agency Funds</u>	<u>Total</u>
ASSETS			
Cash	\$ -	\$ 6,751,127	\$ 6,751,127
Investments	738,308	-	738,308
Taxes receivable	-	67,352	67,352
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 738,308</u>	<u>\$ 6,818,479</u>	<u>\$ 7,556,787</u>
LIABILITIES			
Due to other tax units	\$ -	\$ 6,818,479	\$ 6,818,479
	<u> </u>	<u> </u>	<u> </u>
NET ASSETS HELD IN TRUST	<u>738,308</u>	<u>-</u>	<u>738,308</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and net assets held in trust	<u>\$ 738,308</u>	<u>\$ 6,818,479</u>	<u>\$ 7,556,787</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

For the Year Ended June 30, 2011

	<u>Deferred Compensation</u>
ADDITIONS	
Employee contributions	\$ 99,672
Investment income	
Interest and dividends	5,412
Net appreciation (depreciation) in fair value of investments	<u>108,640</u>
Total investment income	<u>114,052</u>
Total additions	<u>213,724</u>
DEDUCTIONS	
Administrative expenses and fees	2,187
Participant withdrawals	<u>33,394</u>
Total deductions	<u>35,581</u>
Net increase in plan assets	178,143
Net assets held in trust, beginning of year	<u>560,165</u>
Net assets held in trust, end of year	<u>\$ 738,308</u>

See Notes to Financial Statements.

CARBON COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations, Reporting Entity, Description of Funds and Significant Accounting Policies

Nature of Operations

Carbon County provides a broad range of services to citizens, including general government, public safety, highways and streets, health, cultural, recreational, conservation, and social services.

The financial statements of Carbon County, Wyoming have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the County's accounting policies.

Reporting Entity

The general purpose financial statements of Carbon County include the accounts of all County operations and those of separately administered organizations that are controlled by or are dependent on the County. Control or dependency is determined by financial interdependency, selection of governing board, and ability to significantly influence operations.

Based on the foregoing criteria, the financial statements of the following entities have been combined with those of the County for the fiscal year ended June 30, 2011:

Carbon County Public Library
Carbon County Fair Board
Carbon County Weed and Pest Control District
Carbon County Museum
Charles W. Jeffrey, M.D. – Carbon County Memorial Center

Description of Funds

The accounts of the County are organized on the basis of funds. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, equity, revenue and expenditures. The various funds are as follows in the financial statements.

Governmental Funds

General Fund – The General Fund is used to account for all financial transactions not properly includable in other funds. Property taxes, sales tax, license and permit fees, charges for services, fines and forfeitures, and reimbursements provide revenue to the General Fund.

NOTES TO FINANCIAL STATEMENTS

Special Revenue Funds – The Special Revenue Funds account for the proceeds of specific revenue sources used to finance specified activities as required by law or administrative regulation.

Public Library Fund – Accounts for services related to the operation of the County Library.

Weed and Pest Control District Fund – Accounts for services related to weed and pest control in the County.

Fair Board Fund – Accounts for the operation and maintenance of the Carbon County Fairgrounds and the Carbon County Fair and Rodeo.

Museum Fund – Accounts for the County’s museum programs.

Charles W. Jeffrey, M.D. – Carbon County Memorial Center Fund – Accounts for the County’s general purpose convention center.

Major and Nonmajor Funds

The funds are further classified as major and nonmajor as follows:

Fund	Major or Nonmajor
General	Major
Public Library	Nonmajor
Fair Board	Nonmajor
Museum	Nonmajor
Weed and Pest Control District	Nonmajor
Jeffrey Center	Nonmajor

Significant Accounting Policies Followed By The County Are As Follows:

Basis of Presentation

Government-wide financial statements – The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

NOTES TO FINANCIAL STATEMENTS

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or activity. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds, special revenue funds, and the fiduciary funds of the County. The County's major individual governmental fund is reported as a separate column in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific County expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as deferred revenues until earned. Expenditures generally are recognized when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

NOTES TO FINANCIAL STATEMENTS

Investments

Investments are reported at fair value. Fair value is based on quoted market prices.

Inventories

Inventories are accounted for at the lower of cost (first-in, first-out method) or market. Inventories are equally offset by the fund balance reserve which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

Property taxes and interest receivable, deferred tax revenue, and allowance for uncollectible taxes and interest

Property taxes are levied in the first week of August each year and are collectible in two installments. Installments are due on September 1 and March 1 and are collectible on November 10 and May 10. If the first installment payment is made after November 10, the entire amount is due by December 31. Property taxes attach as an enforceable lien on the property if payment is not made by November 10 and May 10.

The County bills and collects its own property taxes and also collects taxes for the County School District, City of Rawlins and other County districts. Collection of the City of Rawlins and District's taxes and remittance of these are accounted for in the Fiduciary Funds. Property tax revenue represents the 2010 tax levy, which was collectible during the year ended June 30, 2011.

Compensated Absences

All regular, full-time employees of the General Fund, Fair Board Fund, Weed and Pest Control District Fund are entitled to vacation leave. Employees accumulate vacation leave hours monthly based on number of years of service with the County. Employees paid by General Fund, Fair Board Fund and Weed and the Pest Control District Fund, will be paid for the unused vacation leave at their salary rate in effect upon termination of employment at a maximum of 480 accumulated hours. The entire vested compensated absences liability is reported in the government-wide financial statements. The liability on the governmental funds financial statements represents the amounts used within 60 days of the County's fiscal year end.

Regular employees of the General Fund accrue sick leave of one day per month. The Fair Board Fund and the Weed and Pest Control District Fund accrue sick leave on the basis of the number of hours worked in a month. Sick leave may be accumulated to a total of sixty (60) working days. The Fair Board Fund and Weed and Pest Control District employees will be paid for one-half (1/2) of their unused sick leave at their salary rate in effect upon termination of employment. General Fund employees will receive payment for one-half (1/2) the current balance of unused sick

NOTES TO FINANCIAL STATEMENTS

leave, up to a maximum of 30 days, at the rate of \$50 per day. The liability for the vested sick leave has been included in the government – wide financial statements.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with statutory accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements but are not, reported in the governmental funds financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	80
Buildings	60
Building improvements	10
Equipment	10-20

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. However, compensated absences and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Loans and capital leases are recognized as a liability on the fund financial statements when due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Governmental Fund Balance Reserves

The County reserves those portions of governmental fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Fund balance reserves have been established for road projects, prepaid expenses, inventory and cash reserve.

The Government Accounting Standards Board (GASB) has issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as a fund balance associated with inventories. This Statement also provides for additional classifications as *restricted*, *committed*, *assigned*, and *unassigned* based on the relative strength of the constraints that control how specific amounts can be spent.

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form (2) legally or

NOTES TO FINANCIAL STATEMENTS

contractually required to be maintained intact. The County does have fund balances that meet the criteria above.

Restricted – The restrictive fund balance classification includes amounts that are (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. The County does have fund balances that meet the criteria above.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, i.e. State of Wyoming or Granting Federal Agency. The County does have fund balances that meet the criteria above.

Assigned – The assigned fund balance classification includes amounts constrained by the government's intent (Town Council) to be used for specific purposes, but are neither restricted nor committed. The County does have some fund balances that meet the criteria above.

Unassigned – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When restricted and other fund balance resources are available for use, it is the County's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

Subsequent Events

Management has evaluated subsequent events through December 21, 2011, the date the financial statements were available for use..

Note 2. Budgets, Budgetary Basis of Accounting

The County annually adopts a budget and approves the related appropriations for all governmental fund types. The budgets and related appropriations are prepared on the modified accrual basis of accounting.

The adjustments necessary to convert from the modified accrual basis to the budgetary basis of accounting for the general fund and special revenue funds are presented in the following schedule:

NOTES TO FINANCIAL STATEMENTS

General Fund	Actual	Adjustment to Budget Basis	Budget Basis
Revenues:			
Taxes	\$ 11,858,534	\$ 60,802	\$ 11,919,336
Licenses and permits	465,315	(1)	465,314
Intergovernmental	6,529,254	(1,424,947)	5,104,307
Interest	132,328	71,265	203,593
Miscellaneous	<u>341,942</u>	<u>(3)</u>	<u>341,939</u>
Total revenues	<u>\$ 19,327,373</u>	<u>\$ (1,292,884)</u>	<u>\$ 18,034,489</u>
Expenditures:			
General government	\$ 9,881,945	\$ (580,304)	\$ 9,301,641
Public safety	4,366,449	13,941	4,380,390
Highways and streets	3,139,984	5,455	3,145,439
Health and welfare	1,380,723	(783)	1,379,940
Cultural and recreation	224,722	(7)	224,715
Capital outlay	1,772,847	(1,194,706)	578,141
Principal retirement	2,295,164	(2,295,164)	-
Interest	<u>222,643</u>	<u>(222,643)</u>	<u>-</u>
Total expenditures	<u>\$ 23,284,477</u>	<u>\$ (4,274,211)</u>	<u>\$ 19,010,266</u>
Special Revenue Fund	Actual	Adjustment to Budget Basis	Budget Basis
Revenues:			
Taxes	\$ 1,580,688	\$ 9,356	\$ 1,590,044
Intergovernmental	10,380	-	10,380
Program revenue	614,213	(595,805)	18,408
Interest	20,762	593,863	614,625
Miscellaneous	<u>20,272</u>	<u>2,382</u>	<u>22,654</u>
Total revenues	<u>\$ 2,246,315</u>	<u>\$ 9,796</u>	<u>\$ 2,256,111</u>
Expenditures:			
Highways and streets	\$ 1,079,492	\$ 5,887	\$ 1,085,379
Cultural and recreation	1,563,645	(8,180)	1,555,465
Capital outlay	<u>102,262</u>	<u>1,914</u>	<u>104,176</u>
Total expenditures	<u>\$ 2,745,399</u>	<u>\$ (379)</u>	<u>\$ 2,745,020</u>

Legal spending control is at the fund level, however, management control is exercised at the department level. All budget appropriations lapse at the end of the budget year to the extent they are not expended. Budgets may be amended by the County Commissioners

NOTES TO FINANCIAL STATEMENTS

through a public hearing process as required by State statute. During the year ended June 30, 2011, there were no budgets of Carbon County that had expenditures in excess of appropriations.

Note 3. Cash and Investments

Wyoming Statute 9-4-817 authorizes agencies of the State to deposit public funds in financial institutions authorized to do business in the State of Wyoming. These deposits must be fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets including bonds, debentures and other securities in which the State Treasurer may by law invest in. Alternatively, a depository may pledge to deposits with conventional real estate mortgages and loans connected with mortgages at a ratio of one and one half (1 ½:1) of the value of public funds secured by the securities.

The County investment policy specifies that internally invested funds may be invested in a combination of fixed-income, minimal risk instruments and money market funds. Investment goals for internally invested funds are designed to achieve a return to provide income, protect assets from risk and maintain liquidity to meet spending requirements. Investments are limited to collateralized bank certificates of deposits, money market funds or federally guaranteed or insured securities. Custodial services are utilized to safeguard the assets and provide monthly reports.

Deposits

At June 30, 2011, the carrying amount of the County's deposits in financial institutions was \$11,645,340. The deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the County. All deposits qualified were held by a qualified depository as outlined in the state statutes.

At June 30, 2011, the County had \$4,302,112 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

Investments

As of June 30, 2011, the County had investments with weighted average maturities as shown in the following table:

NOTES TO FINANCIAL STATEMENTS

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity in Years
Federal National Mortgage Association	\$ 1,223,578	\$ 1,223,578	8.82
Government National Mortgage Association	26,833	26,833	2.16
Federal Home Loan Bank	644,125	644,125	4.31
Federal Home Loan Mortgage Corporation	751,646	751,646	10.57
Federal Farm Credit Bank	223,287	223,287	7.86
Other Banks	238,365	238,365	1.42
Certificates of Deposit	1,576,300	1,576,300	0.73
State of Wyoming Investment Pool	<u>4,302,112</u>	<u>4,302,112</u>	
Total	<u><u>\$ 8,986,246</u></u>	<u><u>\$ 8,986,246</u></u>	

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a formal policy for interest rate risk. However, the County does manage its exposure to fair value loss arising from interest rate changes on internally invested funds by reviewing the portfolio ongoing basis for changes in effective yields amounts.

Within the U.S. Government Agency Securities Discount Notes category are Federal Home Loan, Fannie Mae securities and GNMA securities that are highly sensitive to changes in interest rates. The County does not have a formal policy for interest rate risk. However, the risk is mitigated by the review the portfolio ongoing basis for changes in effective yields amounts.

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The table below shows quality ratings and insured status of investments that are not rated:

NOTES TO FINANCIAL STATEMENTS

Investment Type	Fair Value	AAA	Insured	Unrated
Federal National Mortgage Association	\$ 1,223,578	\$ -	\$ 1,223,578	\$ -
Government National Mortgage Association	26,833	-	26,833	-
Federal Home Loan Bank	644,125	-	644,125	-
Federal Home Loan Mortgage Corporation	751,646	-	751,646	-
Federal Farm Credit Bank	223,287	-	223,287	-
Other Banks	238,365	-	238,365	-
Certificates of Deposit	1,576,300	-	1,576,300	-
State of Wyoming Investment Pool	<u>4,302,112</u>	<u>-</u>	<u>-</u>	<u>4,302,112</u>
Total	<u>\$ 8,986,246</u>	<u>\$ -</u>	<u>\$ 4,684,134</u>	<u>\$ 4,302,112</u>

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the County will not be able to recover the value of the investments or collateral securities that are in possession of an outside party. The County does not have a formal policy for custodial credit risk. Investments are held in safekeeping by external custodians in the County's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer. Concentration of risk is not addressed in the internal investment policy. At June 30, 2011, the County held securities from the following issuers in excess of 5% of the total portfolio:

Federal National Mortgage Association	\$ 1,223,578
Federal Home Loan Mortgage Corporation	751,646
Bank of Commerce	1,126,300
Rawlins National Bank	449,000
State of Wyoming Investment Pool	<u>4,302,112</u>
Total	<u>\$ 7,852,636</u>

NOTES TO FINANCIAL STATEMENTS

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment or deposit. The County's policy is not to invest in foreign currency and have no such investments this mitigates their exposure to foreign currency risk.

Note 4. Changes in Fixed Assets

During the year ended June 30, 2011 changes in fixed assets were as follows:

	Governmental Activities			
	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Land	\$ 2,099,347	\$ -	\$ -	\$ 2,099,347
Infrastructure	49,100,981	-	583,425	48,517,556
Buildings and improvements	37,387,489	1,960,000	-	39,347,489
Equipment	14,940,382	376,795	-	15,317,177
Total	\$ 103,528,199	\$ 2,336,795	\$ 583,425	\$ 105,281,569
	Accumulated Depreciation Governmental Activities			
	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Infrastructure	\$ 27,599,014	\$ 416,264	\$ -	\$ 28,015,278
Buildings and improvements	12,795,116	1,143,371	-	13,938,487
Equipment	6,819,066	401,542	-	7,220,608
Total	\$ 47,213,196	\$ 1,961,177	\$ -	\$ 49,174,373

NOTES TO FINANCIAL STATEMENTS

Note 5. Long-Term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2011:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Accrued compensated absences	\$ 446,609	\$ -	\$ 114,130	\$ 332,479
Capital lease obligations	4,563,704	1,960,000	2,415,164	4,108,540
Total	\$ 5,010,313	\$ 1,960,000	\$ 2,529,294	\$ 4,441,019

As of June 30, 2011, the governmental long-term debt of the financial reporting entity consisted of the following:

Capital lease payable to the U.S. Bank National Association, due in annual principal and semi annual interest installments ranging from \$295,400 to \$306,800 including interest at 3.53% through June 2018, secured by real estate and the hospital building.	\$ 1,840,000
Capital lease payable to Community First Leasing Services, due in semi-annual installments of \$88,063, including interest at 4.755% through June 2014, secured by real estate.	487,062
Capital lease payable to Kinetic Leasing, due in semi-annual installments of \$124,550, including interest at 4.60% through June 2013, secured by equipment.	232,743
Capital lease payable to Caterpillar Financial Services Corporation, due in annual installments of \$46,665, including interest at 4.40% through November 2016, secured by equipment.	204,852
Capital lease payable to Kinetic Leasing, due in semi-annual installments of \$52,594, including interest at 4.60% through December 2019, secured by equipment.	738,164
Capital lease payable to Kinetic Leasing, due in semi-annual installments of \$8,822, including interest at 4.60% through December 2019, secured by equipment.	122,757

NOTES TO FINANCIAL STATEMENTS

Capital lease payable to Caterpillar Financial Services Corporation, due in annual installments of \$44,652, including interest at 4.25% through December 2013, secured by equipment. 123,132

Capital lease payable to Caterpillar Financial Services Corporation, due in annual installments of \$572,971, including interest at 3.75% through December 2013, secured by equipment. 359,830

Total governmental activity debt \$
4,108,540

Annual Debt Service Requirements

The annual requirements to amortize all outstanding debt as of June 30, 2011 are as follows:

	Governmental Activities		
	Principal	Interest	Total
2012	\$ 775,298	\$ 164,855	\$ 940,153
2013	814,785	133,242	948,027
2014	725,880	98,830	824,710
2015	399,782	69,637	469,419
2016	289,316	31,105	320,421
Thereafter	1,103,479	148,351	1,251,830
	\$ 4,108,540	\$ 646,020	\$ 4,754,560

The June 30, 2011 debt issued by the County did not exceed its legal debt margin which is computed as follows:

Assessed valuation	<u>\$ 764,194,959</u>
Debt Limit – 2% of total assessed valuation	\$ 15,283,899
Amount of debt applicable to debt limit	-
Legal debt margin	<u>\$ 15,283,899</u>

Compensated absences:

The County accrues a liability for future vacation benefits. This liability is attributable to employees' services already rendered. The liability for compensated absences is determined at the end of each fiscal year and the portion paid within 60 days of year-end is adjusted to current salary costs. The liability for the total

NOTES TO FINANCIAL STATEMENTS

remaining portion is recorded in the statement of net assets (entity wide reporting) for the vested amount owed as of June 30, 2011.

Note 6. Retirement Commitments

All County full-time or regular part-time employees participate in the Wyoming Retirement System (“System”), a multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended June 30, 2011 was \$6,278,640 and the County’s total payroll was \$6,574,132.

All County full-time or regular part-time employees are eligible to participate in the System. Employees who retire at or after age 60 with four years of credited service are entitled to a retirement benefit according to predetermined formulas and allowed to select one of five optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained age 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. The System also provides death and disability benefits. Benefits are established by State statute.

The System statutorily requires 14.12% of the covered employees’ salary to be contributed to the plan, of which 7% is paid by the employee and the remaining 7.12% is paid by the County. For rehired retired employees, all 17.20% was paid to the plan by the County. For law enforcement officers, 17.20% was contributed to the plan, of which 8.60% was paid by the employee and 8.60% was paid by the County. The contribution requirement for the year ended June 30, 2011, was \$939,844 which consisted of \$463,679 from employees and \$476,165 from the County. 100% of the required contribution was made for the previous two years.

Historical trend information showing the System’s progress in accumulating sufficient assets to pay benefits when due is presented in the System’s December 31, 2010 annual financial report for the periods for which the information is available.

The System’s annual financial report is available by contacting the Wyoming Retirement System at 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming, 82002, (307) 777-7691 or online at <http://retirement.state.wy.us>.

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The total assets under this plan were \$738,308 as of June 30, 2011. This amount is included in the fiduciary funds as investments.

NOTES TO FINANCIAL STATEMENTS

Note 7. Contingencies

Carbon County is involved in numerous mineral industry, ad valorem and severance tax issues, including threatened litigation, and claims for refunds and rebates. The extent of the possible liability is not known at this time. The tax monies received in protest have been placed in agency funds until such time that the claims have been settled at which time they will be distributed to the applicable taxing entity. In addition, Carbon County has transferred general fund monies together with funds received from other taxing entities to an agency fund until such time as the claims have been settled. These funds are to be used, as necessary, for the cost of the pending litigations.

Note 8. Risk Management – Claims and judgments

The County's risk management activities are recorded in the General fund. An excess coverage insurance policy covers individual's claims in excess of \$5,000 for each insured during the policy year.

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disaster for which the government carries commercial insurance. For insured programs, there have been no significant reductions in insurance the County. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Claims Liabilities

The County records an estimated liability for health care claims against the County. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which include estimates of both future payments of losses and related claim adjustment expenses. The following represents the changes in approximate aggregate liabilities for the County from July 1, 2009 to June 30, 2011:

NOTES TO FINANCIAL STATEMENTS

Liability balance, June 30, 2009	434,210
Claims and changes in estimates	2,853,886
Claims payments	<u>(2,718,600)</u>
Liability balance, June 30, 2010	<u>\$ 569,496</u>
Claims and changes in estimates	2,270,860
Claims payments	<u>(2,662,986)</u>
Liability balance, June 30, 2011	<u>\$ 177,370</u>
Assets available to pay claims, June 30, 2011	<u>\$ 252,660</u>

The County has implemented voluntary dependent care assistance, flexible benefits, and medical reimbursement plans for their employees whereby an employee may contribute to any of these plans with tax savings. The County does not share in the costs of these plans. All contributions and expenses related to these plans are funded by the employee. A separate cash account has been established where these funds are deposited and the County then administers this account. Any funds contributed to these plans during the year and not used within 30 days after the end of the fiscal year forfeit to the County.

Note 9. Other Postemployment Healthcare Benefits

Plan Description. The County's self-insured single-employer postemployment healthcare plan is available to retirees of the County who have attained the age of fifty (50) and has fifteen (15) or more years of service, or a retiree with twenty-five (25) years of service (with no age limit) This Plan is secondary to Medicare for all eligible retirees and/or dependents who are age sixty-five (65) or older.

The plan had a total of 19 active participants as of June 30, 2011 of which the participants paid premiums of \$74,412. For the yearend June 30, 2011 the total expense for the plan including fixed costs, claims, and prescriptions was \$235,635.

REQUIRED SUPPLEMENTARY INFORMATION

CARBON COUNTY, WYOMING

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND**

For the Year Ended June 30, 2011

	General Fund		Variance Positive (Negative)
	Budget - Original & Final	Actual (Budgetary Basis)	
Revenue			
Taxes	\$ 12,425,000	\$ 11,919,336	\$ (505,664)
Licenses and permits	456,000	465,314	9,314
Intergovernmental	5,125,000	5,104,307	(20,693)
Interest	190,000	203,593	13,593
Miscellaneous	385,000	341,939	(43,061)
	<u>18,581,000</u>	<u>18,034,489</u>	<u>(546,511)</u>
Total revenue			
Expenditures			
Current:			
General government	9,375,650	9,301,641	74,009
Public safety	4,412,651	4,380,390	32,261
Highways and streets	3,250,875	3,145,439	105,436
Health and welfare	1,421,500	1,379,940	41,560
Culture and recreation	231,000	224,715	6,285
Capital outlay	615,000	578,141	36,859
	<u>19,306,676</u>	<u>19,010,266</u>	<u>296,410</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(725,676)	(975,777)	(250,101)
Fund balance, beginning	<u>12,774,502</u>	<u>12,774,502</u>	<u>-</u>
Fund balance, ending	<u>\$ 12,048,826</u>	<u>\$ 11,798,725</u>	<u>\$ (250,101)</u>

(Continued)

CARBON COUNTY, WYOMING

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND**

For the Year Ended June 30, 2011

(Continued)

Explanation of differences between budgetary revenue and expenditures and
GAAP revenue and expenditures.

Revenue:

Actual total revenue budgetary basis	\$ 18,034,489
Differences- budget to GAAP	
Property taxes accrual difference	(130,922)
Grants receivable	39,946
Accounts receivable and other accrual differences	1,385,000
Interest receivable difference	<u>(71,257)</u>

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental basis	<u>\$ 19,257,256</u>
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Expenditures:

Actual total expenditures budgetary basis	\$ 19,010,266
Differences- budget to GAAP	
Vacation accrual difference	118,888
Accounts payable and other accrual differences	2,592,953
Unpaid claims liabilities accrual difference	<u>356,245</u>

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental basis	<u>\$ 22,078,352</u>
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CARBON COUNTY, WYOMING

**NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL**

June 30, 2011

A. Budgetary Basis

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all the General Fund. Since all accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of the resultant timing differences has been provided on page 35. All annual appropriations lapse at year end.

B. Budgetary Information

The appropriated budget is prepared by fund, function, and department. The government's department heads, with the County Commissioners' approval, may make transfers of appropriations within a department or division. Transfers of appropriations between departments and/or divisions require approval of the County Commissioners'. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2011, there were no instances of excess of expenditures over appropriations in the General Fund.

OTHER SUPPLEMENTARY INFORMATION

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CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2011**

	Special Revenue Funds		Variance
	Budget Original & Final	Actual (Budgetary Basis)	Positive (Negative)
Revenue			
Taxes	\$ 1,680,000	\$ 1,590,044	\$ (89,956)
Intergovernmental	11,000	10,380	(620)
Interest	11,000	18,408	7,408
Program revenue	482,000	614,625	132,625
Miscellaneous	23,500	22,654	(846)
	<u>2,207,500</u>	<u>2,256,111</u>	<u>48,611</u>
Total revenue			
Expenditures			
Current:			
Highways and streets	1,230,275	1,085,379	144,896
Culture and recreation	2,153,254	1,555,465	597,789
Capital outlay	154,000	104,176	49,824
	<u>3,537,529</u>	<u>2,745,020</u>	<u>792,509</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(1,330,029)	(488,909)	841,120
Fund balance, beginning	<u>2,715,397</u>	<u>2,715,397</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,385,368</u>	<u>\$ 2,226,488</u>	<u>\$ 841,120</u>

CARBON COUNTY, WYOMING

**COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS**

June 30, 2011

	<u>Weed and Pest</u>	<u>Fair</u>	<u>Library</u>
ASSETS			
Cash	\$ 901,899	\$ 232,119	\$ 138,475
Investments	-	-	261,988
Receivables			
Taxes	-	4,210	909
Accounts	60,575	82	-
Inventory	<u>184,121</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 1,146,595</u>	 <u>\$ 236,411</u>	 <u>\$ 401,372</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 45,578	\$ -	\$ -
Accrued liabilities	<u>641</u>	<u>-</u>	<u>7,750</u>
 Total liabilities	 <u>46,219</u>	 <u>-</u>	 <u>7,750</u>
 FUND BALANCES			
Unspendable	244,696	4,292	909
Assigned	<u>855,680</u>	<u>232,119</u>	<u>392,713</u>
 Total fund balances	 <u>1,100,376</u>	 <u>236,411</u>	 <u>393,622</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,146,595</u>	 <u>\$ 236,411</u>	 <u>\$ 401,372</u>

CARBON COUNTY, WYOMING

<u>Museum</u>	<u>Jeffrey Center</u>	<u>Total</u>
\$ 365,353	\$ 120,100	\$ 1,757,946
-	-	261,988
2,921	125	8,165
181	-	60,838
-	-	184,121
<u>\$ 368,455</u>	<u>\$ 120,225</u>	<u>\$ 2,273,058</u>
\$ 170	\$ -	\$ 45,748
<u>2,606</u>	<u>-</u>	<u>10,997</u>
<u>2,776</u>	<u>-</u>	<u>56,745</u>
3,102	125	253,124
<u>362,577</u>	<u>120,100</u>	<u>1,963,189</u>
<u>365,679</u>	<u>120,225</u>	<u>2,216,313</u>
<u>\$ 368,455</u>	<u>\$ 120,225</u>	<u>\$ 2,273,058</u>

CARBON COUNTY, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2011

	Weed and Pest	Fair	Library
Revenues			
Taxes	\$ 636,605	\$ 79,489	\$ 624,879
Intergovernmental	-	10,380	-
Interest	12,508	1,919	73
Program revenue	316,458	54,071	214,275
Miscellaneous	131	19,569	-
	<u>965,702</u>	<u>165,428</u>	<u>839,227</u>
Total revenues			
Expenditures			
Highways and streets	1,079,492	-	-
Culture and recreation	-	157,914	879,202
Capital outlay	50,176	30,907	17,310
	<u>1,129,668</u>	<u>188,821</u>	<u>896,512</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(163,966)	(23,393)	(57,285)
Fund balances, beginning	<u>1,264,342</u>	<u>259,804</u>	<u>450,907</u>
Fund balances, ending	<u>\$ 1,100,376</u>	<u>\$ 236,411</u>	<u>\$ 393,622</u>

CARBON COUNTY, WYOMING

<u>Museum</u>	<u>Jeffrey Center</u>	<u>Total</u>
\$ 143,450	\$ 96,265	\$ 1,580,688
-	-	10,380
5,023	1,239	20,762
27,609	1,800	614,213
-	572	20,272
<u>176,082</u>	<u>99,876</u>	<u>2,246,315</u>
-	-	1,079,492
431,373	95,156	1,563,645
-	3,869	102,262
<u>431,373</u>	<u>99,025</u>	<u>2,745,399</u>
(255,291)	851	(499,084)
<u>620,970</u>	<u>119,374</u>	<u>2,715,397</u>
<u>\$ 365,679</u>	<u>\$ 120,225</u>	<u>\$ 2,216,313</u>

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WEED AND PEST SPECIAL REVENUE FUND**

For the Year Ended June 30, 2011

	Budget Original and Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 650,000	\$ 630,125	\$ (19,875)
Interest	5,000	12,508	7,508
Program revenue	<u>152,500</u>	<u>310,125</u>	<u>157,625</u>
Total revenues	<u>807,500</u>	<u>952,758</u>	<u>145,258</u>
Expenditures			
Highways and streets	1,230,275	1,085,379	144,896
Capital outlay	<u>100,000</u>	<u>50,176</u>	<u>49,824</u>
Total expenditures	<u>1,330,275</u>	<u>1,135,555</u>	<u>194,720</u>
Excess (deficiency) of revenues over (under) expenditures	(522,775)	(182,797)	339,978
Fund balance, beginning	<u>1,264,342</u>	<u>1,264,342</u>	<u>-</u>
Fund balance, ending	<u>\$ 741,567</u>	<u>\$ 1,081,545</u>	<u>\$ 339,978</u>

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FAIR BOARD SPECIAL REVENUE FUND**
For the Year Ended June 30, 2011

	Budget Original and Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 80,000	\$ 79,489	\$ (511)
Intergovernmental	11,000	10,380	(620)
Interest	1,000	900	(100)
Program revenue	50,000	51,500	1,500
Miscellaneous	<u>20,000</u>	<u>19,254</u>	<u>(746)</u>
Total revenues	<u>162,000</u>	<u>161,523</u>	<u>(477)</u>
Expenditures			
Culture and recreation	165,786	152,568	13,218
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total expenditures	<u>195,786</u>	<u>182,568</u>	<u>13,218</u>
Excess (deficiency) of revenues over (under) expenditures	(33,786)	(21,045)	12,741
Fund balance, beginning	<u>259,804</u>	<u>259,804</u>	<u>-</u>
Fund balance, ending	<u>\$ 226,018</u>	<u>\$ 238,759</u>	<u>\$ 12,741</u>

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LIBRARY SPECIAL REVENUE FUND**

For the Year Ended June 30, 2011

	Budget Original and Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 650,000	\$ 610,235	\$ (39,765)
Program revenue	<u>250,000</u>	<u>225,600</u>	<u>(24,400)</u>
Total revenues	<u>900,000</u>	<u>835,835</u>	<u>(64,165)</u>
Expenditures			
Culture and recreation	900,000	876,513	23,487
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total expenditures	<u>920,000</u>	<u>896,513</u>	<u>23,487</u>
Excess (deficiency) of revenues over (under) expenditures	(20,000)	(60,678)	(40,678)
Fund balance, beginning	<u>450,907</u>	<u>450,907</u>	<u>-</u>
Fund balance, ending	<u>\$ 430,907</u>	<u>\$ 390,229</u>	<u>\$ (40,678)</u>

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MUSEUM SPECIAL REVENUE FUND**

For the Year Ended June 30, 2011

	Budget Original and Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 200,000	\$ 175,000	\$ (25,000)
Interest	5,000	5,000	-
Program revenue	<u>29,500</u>	<u>27,400</u>	<u>(2,100)</u>
Total revenues	<u>234,500</u>	<u>207,400</u>	<u>(27,100)</u>
Expenditures			
Culture and recreation	<u>984,249</u>	<u>431,259</u>	<u>552,990</u>
Total expenditures	<u>984,249</u>	<u>431,259</u>	<u>552,990</u>
Excess (deficiency) of revenues over (under) expenditures	(749,749)	(223,859)	525,890
Fund balance, beginning	<u>620,970</u>	<u>620,970</u>	<u>-</u>
Fund balance, ending	<u>\$ (128,779)</u>	<u>\$ 397,111</u>	<u>\$ 525,890</u>

CARBON COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
JEFFREY CENTER SPECIAL REVENUE FUND**

For the Year Ended June 30, 2011

	Budget Original and Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenues			
Taxes	\$ 100,000	\$ 95,195	\$ (4,805)
Miscellaneous	<u>3,500</u>	<u>3,400</u>	<u>(100)</u>
Total revenues	<u>103,500</u>	<u>98,595</u>	<u>(4,905)</u>
Expenditures			
Culture and recreation	103,219	95,125	8,094
Capital outlay	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Total expenditures	<u>107,219</u>	<u>99,125</u>	<u>8,094</u>
Excess (deficiency) of revenues over (under) expenditures	(3,719)	(530)	3,189
Fund balance, beginning	<u>119,374</u>	<u>119,374</u>	<u>-</u>
Fund balance, ending	<u>\$ 115,655</u>	<u>\$ 118,844</u>	<u>\$ 3,189</u>

CARBON COUNTY, WYOMING

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
FIDUCIARY FUND TYPE AGENCY FUNDS**

June 30, 2011

	<u>Units</u>	<u>Districts</u>	<u>Other</u>	<u>Total</u>
ASSETS				
Cash	\$ 18,359	\$ 879,271	\$ 5,853,497	\$ 6,751,127
Investments	-	-	738,308	738,308
Taxes receivable	<u>18,258</u>	<u>49,094</u>	<u>-</u>	<u>67,352</u>
Total Assets	<u>\$ 36,617</u>	<u>\$ 928,365</u>	<u>\$ 6,591,805</u>	<u>\$ 7,556,787</u>
LIABILITIES				
Due to other taxing units	<u>\$ 36,617</u>	<u>\$ 928,365</u>	<u>\$ 5,853,497</u>	<u>\$ 6,818,479</u>
NET ASSETS HELD IN TRUST	<u>-</u>	<u>-</u>	<u>738,308</u>	<u>738,308</u>
Total Liabilities & Net Assets Held in Trust	<u>\$ 36,617</u>	<u>\$ 928,365</u>	<u>\$ 6,591,805</u>	<u>\$ 7,556,787</u>

CARBON COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
Department of Homeland Security		
Passed through State of Wyoming, Office of Homeland Security/ Emergency Management Homeland Security Grant Program	97.067	\$ <u>83,097</u>
Total Expenditures of Department of Homeland Security Awards		<u>83,097</u>
Department of Agriculture		
Cooperative Forestry Assistance	10.664	<u>26,864</u>
Total Expenditures of Department of Agriculture		<u>26,864</u>
Department of Energy		
Energy Efficiency and Conservation Block Grant Program	81.128	<u>66,500</u>
Total Expenditures of Department of Commerce Awards		<u>66,500</u>
Department of Housing and Urban Development		
Homeless Prevention and Rapid Re-Housing Program - ARRA	14.257	<u>37,945</u>
Total Expenditures of Department of Housing and Urban Development		<u>37,945</u>
Department of Justice		
Passed through State of Wyoming, Attorney General's Office Violence Against Women Formula Grants State Victim Assistance Formula Grant Program - ARRA	16.588 16.801	38,245 <u>12,802</u>
Total Expenditures of Department of Justice Awards		<u>51,047</u>
Department of Health and Human Services		
Administration for Children and Families		
Passed through State of Wyoming, Department of Health Temporary Assistance for Needy Families Voting Access for Individuals with Disabilities	93.558 93.617	58,961 6,250

(Continued)

CARBON COUNTY, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2011

(Continued)

Community Services Cluster		
Community Services Block Grant	93.569	121,562
Community Services Block Grant - ARRA	93.710	<u>55,921</u>
Total Cluster		<u>177,483</u>
Health Resources and Services Administration		
Passed through State of Wyoming, Department of Health		
Maternal and Child Health Services Block Grant	93.994	41,889
Substance Abuse and Treatment Block Grant	93.959	1,027
Centers for Disease Control and Prevention		
Passed through State of Wyoming, Department of Health		
Public Health Emergency Preparedness	93.069	<u>154,984</u>
Total Expenditures of Department of Health and Human Services Awards		<u>440,594</u>
Department of Transportation		
Federal Aviation Administration		
Passed through the State of Wyoming, Department of Transportation		
Airport Improvement Program	20.106	278,098
Highway Planning and Construction	20.205	599,548
State and Community Highway Safety	20.600	<u>49,901</u>
Total Expenditures of Department of Transportation Awards		<u>927,547</u>
Total Federal Assistance		<u>\$ 1,633,594</u>

CARBON COUNTY, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2011

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance and federal cost-reimbursement contracts of Carbon County, Wyoming. Carbon County, Wyoming receives federal awards both directly from federal agencies and indirectly through pass-through entities.

Federal program expenditures included in the accompanying schedule are presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

Major Programs

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

CARBON COUNTY, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

1. Summary of Auditor's results:

- An Unqualified opinion was issued on the financial statements.
- One significant deficiency in internal control over financial reporting was found. See at 2011-1 on page 52.
- No material weaknesses in internal control over compliance were found.
- No instances of noncompliance material to the financial statements were found.
- No reportable conditions in internal control over major programs were found.
- An Unqualified opinion was issued on the compliance for major programs.
- No audit findings were reported.
- The following federal programs were determined to be major programs:

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Award Expenditures</u>
U.S. Department of Transportation – Passed through the State of Wyoming, Department of Transportation Highway Planning and Construction	20.205	\$ 599,548
U.S. Department of Transportation – Passed through the State of Wyoming, Department of Transportation Airport Improvement Program	20.106	278,098
U.S. Department of Health and Human Services Administration for Children and Families Passed through the State of Wyoming Department of Health Community Services Block Grant Cluster- ARRA	93.569 93.710	121,562 <u>55,921</u>
Total		<u>\$ 1,055,129</u>

- The dollar threshold used to distinguish between Type A and Type B programs is as follows:
Type A programs are all programs with more than \$300,000 or more in federal awards. Type B programs are all programs with less than \$300,000 in federal awards.
- The auditee does not qualify as a low-risk auditee.

CARBON COUNTY, WYOMING

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2011

2. Findings relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards (GAGAS):

Significant Deficiencies in Internal Control 2011-1: Financial Statement Preparation

Criteria

SAS No. 115 emphasizes that the auditor cannot be part of the client's system of internal control over financial reporting

Condition

Carbon County relies on the external auditor to generate the annual financial statements, including footnotes.

Recommendation

We realize that it is not economically feasible for the County to hire a CPA in order to prepare the financial statements. However management and Board of Directors need to be actively involved in the fiscal activities during the year and closely review the financial statements to verify that they are not material misstated.

Response

Management will continue to actively participate in the preparation of materials for the financial statements and will review the financial statements in order to verify they are free of any material misstatements. In addition management will provide the Board with any additional financial information requested for support of the financial statements and assist with inquires made throughout the fiscal year and during review of the yearend statements.

3. Findings and questioned costs for Federal Awards:

- No such findings

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the County Commissioners
Carbon County, Wyoming
Rawlins, Wyoming

We have audited the financial statements of the governmental activities and the aggregate remaining fund information of Carbon County, Wyoming as of and for the year ended June 30, 2011, which collectively comprise Carbon County, Wyoming's basic financial statements and have issued our report thereon dated December 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carbon County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carbon County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Carbon County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal

control over financial reporting, see on page 52 Reference 2011-1. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

As part of obtaining reasonable assurance about whether Carbon County, Wyoming's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the audit committee, management, the County Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Madee Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 21, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

To the County Commissioners
Carbon County, Wyoming
Rawlins, Wyoming

Compliance

We have audited the compliance of Carbon County, Wyoming, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. Carbon County, Wyoming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Carbon County, Wyoming's management. Our responsibility is to express an opinion on Carbon County, Wyoming's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carbon County, Wyoming's, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Carbon County, Wyoming's compliance with those requirements.

In our opinion, Carbon County, Wyoming complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Carbon County, Wyoming is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Carbon County, Wyoming's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Carbon County, Wyoming's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the County Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Madeu Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 21, 2011